

PEAK PERFORMANCE PROJECT

Report to Hoosiers

Submitted by: Gov. Joe Kernan & Lt. Gov. Kathy Davis

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PEAK PERFORMANCE PROJECT

Overview

The Need:

Hoosiers should be able to access necessary state government programs quickly and easily. As well, state government must continue to evolve and change to ensure that it is operating as efficiently and effectively as possible. And, finally, because of the complicated structure of state government, there are agencies and programs that aren't directly accountable to the people of Indiana.

For all these reasons, Gov. Joe Kernan in his first State of the State address announced the Peak Performance Project and asked Lt. Gov. Kathy Davis to lead this effort, a top-to-bottom review of state government. He asked Davis and her team to ask the question: What would state government look like today if we were starting from scratch?

The reality is that as state government's role and responsibilities have evolved over the years, and changes to its structure have not always happened with efficiency, accountability and accessibility in mind. As a result of years of legislative and administrative actions, often Hoosiers are forced to work through several state agencies for needed services, rather than having one point of contact.

The Change:

Gov. Kernan and Lt. Gov. Davis have proposed a bold reorganization of state government that is aimed at achieving three goals:

- State government is more accountable – clear about what we do, who we do it for and how well;
- It is easy for Hoosiers to get the programs and services they need from state government; and,
- State government continues to find ways to cut waste and save taxpayers both time and money.

Each step in the Peak Performance plan is aimed at achieving one or more of these three goals through legislative or administrative action. Briefly, the plan includes:

- Moving from the current structure of 74 individual state and quasi-governmental agencies to a nine-member cabinet that reports directly to the governor. Result: Greater accountability and efficiency.
- Consolidating related programs to ensure that Hoosiers have a single point of contact or “one-stop shops” for the services they need, rather than having to access those services through several agencies. Result: Reduction of the number of state agencies by about one-third, better coordination of programs and services, and easier access for Hoosiers to the programs they need.
- Assessing all quasi-state agencies from an efficiency and accountability standpoint. Result: Ensure that these agencies that perform essential government functions are accountable to the governor and follow the same policies and rules as the rest of state government.
- Move to a common system for property tax assessment that is based at the county-level, rather than done through 1,100 different assessors. Result: Will better ensure consistency in the property assessment process, streamline the system and provide savings to taxpayers.

The Cost:

The reorganization of state government to the nine-cabinet structure will be done through the utilization of current resources and staffing, at no additional cost to the state.

Additionally, the consolidation and streamlining of some state programs and functions will create long-term cost savings for state government.

A study completed by the Indiana Chamber of Commerce predicted a savings of more than \$11 million statewide each year if property tax assessment was based at the county level.

Implementation:

The changes to the organization of state government will be done through a combination of both administrative and legislative actions.

The move to a county-based property tax assessment system will require legislative action.

PEAK PERFORMANCE PROJECT
Health and Human Services Cabinet
Children and Families

The Need:

Currently, children's services are spread through 12 different state agencies. While this structure was created with the best of intentions, it is not efficiently meeting the needs of Indiana's children and families. Instead, children and families often must work with several case managers in the different program areas of state government. This results in services that are not coordinated, are often confusing for families and gaps in services are not always identified.

Because the needs of our children and their families have been the target of much collaborative planning, there is a tremendous opportunity for better and more efficient service. As well, from a data and information standpoint, technology development in recent years gives us the opportunity to integrate previously separate systems into coordinated programs for families. This collaboration of systems and programs will enable the state to provide a more comprehensive approach to the services that are important to our children and their families.

The Change:

The state's programs that serve children will be coordinated under one agency - Children and Families – and they will work with one care coordinator, rather than several. This move will maximize efficiency and most importantly provide better quality and timeliness of services for the children and families of Indiana. The result:

- Families will receive comprehensive services earlier and faster;
- Programs will share expenses of serving a particular family;
- By focusing on prevention and early identification, more costly services are reduced;
- Interventions with families will be streamlined to improve clinical and social outcomes;
- Duplication and fragmentation of services will be reduced.
- The quality, access, and range of services will be improved, maximizing limited resources.

Because the affected agencies were created by the General Assembly, we will propose legislation to realign current agency function under the new Children and Families agency.

The Cost:

The new Children and Families agency will be a standalone entity that is comprised of positions currently existing in state agencies. No additional state dollars will be used to create the agency, because existing positions will be utilized.

PEAK PERFORMANCE PROJECT
Health and Human Services Cabinet
Home and Community Based Services

The Need:

More and more services are available at the community level that provide Hoosiers with the ability to live full and active lives. The state has been and will continue to be a partner in making home- and community-based care a reality for as many Hoosiers as possible. Currently:

- Home and community-based care is being provided to over 15,000 people with developmental disabilities, 97,000 people with mental illness, and over 33,000 seniors.
- The number of people with developmental disabilities in state-run institutions has dropped 79% since 1990.
- Today, there are 39,000 people living in nursing homes.

People with disabilities, mental illness and the aging share the same rights, dreams and hopes we all do. The state of Indiana has made solid progress in creating a greater capacity to serve people with disabilities in the community. Recent legislation (SEA 493) lays the groundwork for people, as they grow older, to have the chance to remain independent and live in their own homes and communities as long as possible.

The Change:

Within Health and Human Services, the Home and Community Based Services agency will work with adults who require assistance in living independently, safely and self-sufficiently in the community.

In partnership with community leaders and advocates, the state will continue to place a priority on the development of the infrastructure to ensure that people being served in the community are healthy and safe and that services are protected for the future for as many Hoosiers as possible. Quality remains our highest priority.

The Cost:

The Home and Community Based Services agency will be a standalone entity, comprised of positions currently existing in state agencies. Through the consolidation of administrative functions and the integrated planning and delivery of the array of quality services at the community level, more efficient use of limited resources will result.

PEAK PERFORMANCE PROJECT
Health and Human Services Cabinet
Health Policy and Purchasing

The Need:

Health care costs and quality have become a major policy issue throughout the nation. As a result, states have assumed a larger role in both health care policy and purchasing. The goal: serve our citizens and employees more effectively and with less cost.

The state is in a unique position to influence health policy and drive the health care market by leveraging its purchasing power. However, the current structure – with health policy and purchasing functions dispersed in various state agencies – means the state can't maximize the potential to leverage lower costs and help drive the market to make health care affordable for all Hoosiers.

The Change:

The creation of a new agency, Health Policy and Purchasing, will centralize the state's policy development and financing responsibilities. With this coordination, the state will take an even more active role in driving health policy to ensure that dollars spent by the state on health care reinforce and promote the state's goal of affordable, quality health care for its employees and the state's citizens. This new agency will centralize purchasing, planning, and research for health care purchased by the state and its responsibilities will include:

- Negotiating purchasing of health care for all state agencies and state employees and any other publicly funded entity such as universities, public schools and local units of government that may be mandated or authorized to participate in state programs.
- Negotiating purchasing and structure of the Hoosier Health Plan announced by Gov. Kernan in June.
- Serving as the chief health purchasing and policy advisor to the executive branch as well as the health research arm for the executive branch.
- Interacting with other states regarding possible joint ventures in the area of health finance and programs.
- Identifying, implementing and promoting administrative efficiencies.
- Facilitating the use of technology, both within the state-purchasing arena but also in coordination with commercial payers, employers, and other units of government.

The Office of Health Policy and Purchasing will be created through administrative action.

The Cost:

The office will be a standalone agency that is comprised of positions currently existing in state agencies. Because the office will utilize existing positions, no additional state dollars will be used. One goal of the office, through the consolidation of administrative and procurement functions, is to make more efficient use of taxpayer dollars that are dedicated to the purchasing of health care for employees and citizens.

PEAK PERFORMANCE PROJECT
Cultural, Natural and Environment Resources Cabinet
Office of Environmental Permitting

The Need:

The state is responsible for issuing a range of environmental permits throughout Indiana. However, it is important that this direct service to business owners, residents, developers, local governments and others be as quick and efficient as possible, and without unnecessary hurdles. Currently, 25 permitting programs in two agencies have responsibility for issuing environmental permits. As a result, the permitting process is inefficient and confusing for Hoosier businesses and others. The state must take steps that guarantee a clearer process to make sure that laws and regulations are enforced consistently and at the mandated levels, as well as provide a quicker turnaround in permit applications.

The Change:

Through the creation of the Office of Environmental Permitting, all of the state's environmental permitting responsibilities will be coordinated through one agency. This will mean a "one-stop shop" for Hoosier business owners, residents, local governments and others seeking permits. This office will consist of a central group of staff that will be responsible for:

- Receiving, distributing, assigning, tracking and coordinating the processing of certain environmental permits;
- Streamlining and improving permit processing;
- Managing the public process for permits;
- Enhancing the use of technology for permit receipt and processing;
- Coordinating projects requiring multiple state permits (and federal permits);
- Establishing permit processing goals and accountability measures; and,
- Reporting information on permit processing to the public.

Additionally, this new office will allow for the coordination of enforcement staff currently spread throughout separate divisions of state government. This coordination will help make sure response times are quicker, that enforcement actions are consistent and better protect our environment.

Finally, this new agency will better utilize the staff currently working out of more than 50 local field offices. Through better coordination, we can provide quicker and more direct services in local communities to the business owners, individuals and local governments.

Because the affected agencies were created by the General Assembly, we will propose legislation to realign current agency function under the new Office of Environmental Permitting.

The Cost:

Because this office will utilize existing positions, no additional state dollars will be used. As well, through consolidation and by streamlining the permitting process, there will be costs savings for taxpayers, as well as time saved for our citizens.

PEAK PERFORMANCE PROJECT
Commerce and Workforce Cabinet
Coordination of Job Training Programs

The Need:

In recent years, Indiana has taken significant, bipartisan action to strengthen the state's ability to spur job growth and business investment. Through a number of important steps – Energize Indiana, cutting business taxes and putting in place regional Commerce offices – unprecedented attention and resources have been devoted to our number one priority – creating good jobs for Hoosiers. These efforts have strengthened Indiana's business climate and help make sure state government is in the best position possible to be a partner with Hoosier business owners, as well as to attract new business development and jobs to Indiana.

Indiana's most important asset is its workforce. We continue to strengthen the workforce through a number of job training programs, including the new Indiana@Work program announced by Gov. Kernan in January. However, these programs currently are housed primarily in three separate agencies – Commerce, Workforce Development and Family and Social Services – and often business owners aren't fully aware of the important training resources available to them.

The Change:

Currently the Department of Commerce is under the direction of the lieutenant governor, however, the Department of Workforce Development and the Family and Social Services Administration are not. Under this reorganization, the state's training and workforce development programs, as well as the Agriculture Commission, will be clustered under the lieutenant governor, who will serve as the cabinet secretary for Commerce and Workforce. This will bring together important resources for new and existing businesses, provide better coordination of these programs and services and make it easier for Hoosier business owners to get the tools they need.

Placing these agencies and programs under the Commerce and Workforce secretary will be done through administrative action.

The Cost:

This change will utilize existing positions and resources. As well, by consolidating these programs, there will be additional savings of time and taxpayer dollars.

PEAK PERFORMANCE PROJECT

Education Cabinet

The Need:

Educating our young people is the most important responsibility state and local government has to its citizens. Under the current structure of state government, the Indiana Department of Education and the administration of K-12 education is positioned under the authority of a separately elected official, rather than under the state's chief executive. However, Hoosiers hold the governor accountable for the state's education system and performance. The governor needs to have the authority to direct the state's Department of Education and there must be a clear opportunity for that department to work in coordination with the rest of state government, rather than as a separate entity.

The Change:

The Superintendent for Public Instruction should not be a separately elected position. Rather that position should be appointed by the governor and serve as a member of the governor's cabinet, allowing for more accountability and coordination of the state's education policies and responsibilities.

For that reason, we are proposing that the legislature take action to make this change. It will remove partisan politics from the process and allow the governor to select a full partner in our continuing efforts to provide Hoosiers with the best education possible.

Additionally, the state's Department of Education will be positioned as an agency under the governor's appointee, rather than under a separately elected official.

The Cost:

There is no anticipated cost to these changes.

PEAK PERFORMANCE PROJECT

Review of Quasi-Governmental Agencies

The Need:

Over the past 50 years, the General Assembly has created independent bodies, often called quasi-governmental agencies, which are not state agencies, but perform essential government functions. These agencies are usually exempt from at least some of the usual rules governing the state's personnel, procurement and rulemaking processes.

Historically, an important reason to establish a quasi-agency was to permit the issuance of debt, which state agencies can't do under the Indiana Constitution. Other agencies, however, do not exist primarily to issue debt, but were created for some other reason, sometimes to avoid the rules and policies that govern state agencies.

The reality is that the governor's control over these entities is weakened because they are not state agencies, and are usually run by appointed boards or commissions. Currently, more than 30 quasi-agencies of various sorts perform duties ordinarily associated with the executive branch.

The Change:

Each quasi-agency will be evaluated to determine whether it should remain independent or be made an agency subject to the governor's direct control. This change will ensure that those responsible for important state functions are held accountable to the governor and the policies and procedures of state government, while still allowing necessary separation for debt issuance.

Currently, an important and valid function of some quasi-agencies is debt issuance. Through this review, we will look at opportunities to consolidate these functions where possible, and in turn reduce the number of separate quasi-agencies.

Any action taken to streamline, eliminate or merge quasi-agencies or their state functions will be done through administrative or legislative action.

The Cost:

There should not be additional costs associated with the consolidation of the responsibilities of quasi-agencies under the governor's direct authority.

PEAK PERFORMANCE PROJECT

County-based System for Property Tax Assessment

The Need:

Currently, the responsibility for property tax assessment is in the hands of 1,100 individual assessors at the county and township levels. This current system is based on artificial lines dating back to territorial days. It is outdated and inefficient in an era of professional assessing standards and computer technology.

The lack of a common system for property assessment creates the opportunity for inefficiencies and inconsistencies in the assessment of property taxes. Hoosier homeowners and business owners should be served by a system that ensures fairness.

The Change:

We are proposing the creation of a common system of property assessment that places responsibility in the hands of the state's 92 counties. County-based software systems manage assessment information, and if Indiana moves toward a more centralized information system (as the General Assembly is now studying), the county will remain the primary unit in the statewide system.

This change to a common system, based at the county level, will be a significant step toward eliminating inconsistencies and better ensure uniformity in the assessment process. This proposal would not change the state-level organization, but it will improve the assessment system that state agencies oversee and administer. It accomplishes the Peak Performance goal of increasing accountability, cutting costs and improving results for homeowners, businesses and farmers.

A proposal to move to a common, county-based property assessment system will be submitted to the General Assembly.

The Cost:

Indiana does not have reliable information on how much its current assessment system costs, so it is impossible to estimate the saving from this change.

A study completed by the Indiana Chamber of Commerce predicted a savings of more than \$11 million statewide each year if property tax assessment was based at the county level.

PEAK PERFORMANCE PROJECT

Timeline and Implementation

- January 2004 – Gov. Kernan announces in his first State of the State address that he has asked Lt. Gov. Davis to lead a top-to-bottom review of state government.
- April 2004 – Kernan and Davis announce significant changes to the state's ethics policies to ensure greater transparency and accountability.
- May 2004 – Davis announces service improvements aimed at efficiency in delivering services to the state's children through coordinated efforts on the part of the State Health Department and the Family and Social Services Administration.
- June 2004 – Davis announces the creation of Business Action Teams (BAT) to help provide more user-friendly service for Indiana companies, particularly on permitting and regulatory matters. Additionally, Davis outlined steps to eliminate permitting backlogs, better utilize electronic permitting and establish a quicker turnaround time for permit applications.
- September 27, 2004 – Kernan and Davis announced a reorganization of state government aimed at making government more accountable, efficient and easier for Hoosiers to access and use. Additionally, they announced plans to provide a common system for property tax assessment.
- Fall 2004 – Kernan and Davis move forward with administrative actions and legislative proposals to begin the implementation of Peak Performance proposals.
- Winter and Spring 2005 – Kernan and Davis continue administrative actions to make the changes, as well as work with the Indiana General Assembly on legislative actions needed to implement Peak Performance proposals.

